

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

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| AMEREN ILLINOIS COMPANY |) | |
| d/b/a Ameren Illinois, |) | |
| |) | Docket No. 13-0476 |
| |) | |
| Revenue-neutral tariff changes related to rate |) | (Rehearing) |
| design. (tariffs filed on July 22, 2013) |) | |

REPLY BRIEF OF THE STAFF OF THE
ILLINOIS COMMERCE COMMISSION ON REHEARING

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NOW COME the Staff witnesses of the Illinois Commerce Commission (“Staff”), by and through their undersigned counsel, pursuant to Section 200.800 of the Illinois Commerce Commission’s Rules of Practice (83 Ill. Adm. Code 200.800), and respectfully submit their Reply Brief in the instant rehearing proceeding.

I. INTRODUCTION

A. Background

On July 22, 2013, Ameren Illinois Company (“AIC”, “Ameren” or “Company”) filed with the Illinois Commerce Commission (“Commission”) the rate design formula tariff provisions of Rate MAP-P (“Modernization Action Plan – Pricing Tariff”), in accordance with Section 16-108.5(e) of the Public Utilities Act (“Act”). Ameren Illinois Company, ICC Suspension Order, Docket No. 13-0476, 1 (August 14, 2013). Section 16-108.5(e) permits the Commission, after notice and hearing, to enter an order approving or approving with modification, proposed changes to Rate MAP-P. *Id.*

Ameren, Staff, the People of the State of Illinois by Attorney General Lisa Madigan (“AG” or “the People”), the Citizens Utility Board (“CUB”), the Illinois Industrial

Energy Consumers ("IIEC"), and the Grain and Feed Association ("GFA") appeared in the docket. In accordance with an agreed to schedule, an evidentiary hearing was held on December 11, 2013. On March 19, 2014, the Commission entered its Final Order in this matter.

B. Rehearing

This matter comes before the Commission on rehearing from its March 19, 2014 Final Order in this proceeding. On May 8, 2014, the Commission granted in part the Verified Petition for Rehearing ("Petition for Rehearing") of the People of the State of Illinois, by and through Lisa Madigan, Attorney General of the State of Illinois. The portion granted on behalf of the AG requested the Commission grant rehearing to address policy issues related to its proposal to use a straight fixed variable ("SFV") rate design for the DS-1 Customer Charge. (Verified Application for Rehearing of the People of the State of Illinois, April 18, 2014, pp. 6-18.)

On July 29, 2014, the People, Staff, and Ameren filed Initial Briefs ("IB"). In this Reply Brief ("RB"), Staff has not raised and repeated every argument previously addressed in Staff's IB. Thus, any omission of a response to an argument that Staff previously addressed simply means that Staff stands on the position taken in Staff's IB because further or additional comment is neither needed nor warranted.

C. Summary of Staff's Recommendation

After a review of the respective arguments of Ameren and the AG as set forth in their respective IB's, Staff's position has not changed. Based upon the information provided about the bill impacts related to the use of a traditional rate design for DS-1

Customer Charge, as the AG proposed, and Ameren's SFV rate design proposal in this docket, Staff continues to propose an alternative rate design in which the bill impacts fall between the two rate design proposals. (Staff Ex. 1.0R, p. 1.) If the Commission is inclined to move away from an SFV rate design, as was previously indicated in its Order in this proceeding (Order, March 19, 2014, pp. 101-102), then Staff recommends the Commission adopt the alternative rate design. This alternative rate design produces bill impacts that fall between those produced by the AG's traditional rate design and the Company's SFV rate design. (Staff Ex. 1.0R, p. 2.)

II. RATE DESIGN

A. Purpose of the Rehearing

The purpose of this rehearing is to provide the Commission with additional evidence about the bill impacts of moving away from an SFV rate design for residential customers. The ALJ's Ruling on May 20, 2014 provided guidelines for information to be provided in testimony for the rehearing and specified that the information should be based on the revenue requirement proposed in Docket No. 14-0317. Staff's IB addressed those issues in a concise and straightforward manner, based upon the information supplied by Ameren.

B. Response to AG

The AG noted that Ms. Harden's analysis in her rebuttal testimony on rehearing was not updated for the latest numbers provided in direct testimony and data requests by Mr. Rubin and Mr. Jones. (AG IB, p. 26.) Staff agrees that if the Commission were to adopt her alternative proposal, the calculations should be updated with the latest

available figures from the parties. However, Staff's method of calculating its alternative proposal would remain the same as set forth in Ms. Harden's testimony and Staff's IB.

C. Response to Ameren

Staff understands that the purpose of the rehearing was to provide the Commission with additional evidence about the bill impacts of moving away from an SFV rate design for residential customers. For that reason, Staff did not feel it necessary to re-litigate the principle of cost causation at hearing.

D. Staff's Recommendation

Staff continues to propose an alternative as a middle ground between the two rate designs that could mitigate high bill impacts for higher-use customers while still moving away from an SFV rate design, if that is what the Commission is inclined to do as expressed in its Order. (Order, March 19, 2014, pp. 101-102.) Staff's recommendation reduces the amount of customers that would be affected as compared to the AG method when the new rates are implemented.

The benefits of Staff's alternative recommendation would be to mitigate the rate impact that results in moving directly from the current SFV rate design to a traditional rate design. *Id.*, p. 13. Taking all of this into consideration, Staff believes that implementing its alternative recommendation on a going-forward basis would be more beneficial if the Commission intends to return to traditional rate design. By limiting the bill impacts at this stage, additional steps in either direction can be taken in future dockets.

III. CONCLUSION

WHEREFORE, for all of the above reasons and the reasons set forth in Staff's IB, Staff respectfully requests that the Commission's order in this proceeding reflect all of Staff's recommendations regarding the Company's tariff's and charges submitted pursuant to Section 16-108.5(e) of the Public Utilities Act.

August 6, 2014

Respectfully submitted,

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